

PART II. DATA BEARING ON ECONOMIC ASPECTS AND IMPACTS OF THE PROGRAM

9. *Economic effects*

The economy of the trust territory still is basically a subsistence economy; accordingly, trust territory estimates of "national income" tend to understate the per capita real income of the people of the territory. At any rate, the estimated per capita income, low as it is in terms of cash, has improved substantially over the past 5 years:

Item	Fiscal 1960	Fiscal 1965
Estimated national income.....	\$4,559,671	¹ \$10,257,200
Resident population.....	75,836	90,596
Estimated per capita national income.....	\$60	113
Percent of change, 1965 from 1960.....		+8

¹ Computed by the Trust Territory Government as the sum of wages and salaries paid Micronesians, \$7,104,741, and exports, \$3,152,459. As the trust territory government has noted, this monetary expression of national income represents only a portion of the real income per capita, which includes a wide variety of money, subsistence, and mixed income in the dispersed and isolated economies of the islands. Cash income figures do not include, for example, the monetary equivalent of owned housing, foodstuffs produced and consumed at home, and any facilities, goods, or services obtained by barter, gift-giving, or payments in kind or in traditional and indigenous measures of value.

In the past 3 years, operating expenditures and capital improvements (expenditures and obligations) have averaged \$15.2 million a year or about \$168 per capita, 1965 population and in 1965, operating expenditures alone were \$174 per capita.

Included in Government expenditures, but not in estimates of territorial national income, are (1) salaries paid to stateside personnel who directly or indirectly provide services available to Micronesians, and (2) the value of Government purchases of goods produced outside the trust territory. These are included in the national income of the U.S. or other supplier country.

In fiscal 1965, trust territory imports totaled \$7.1 million (wholesale value) as compared with \$3.7 million in 1960. In calendar 1965, U.S. exports to the trust territory are reported as \$5.4 million; in the first 6 months of 1966, U.S. exports to the trust territory were at an annual rate of \$4.8 million.

The program for administration of the trust territory clearly is financing the bulk of imports from the United States and foreign countries, the predominant portion of the \$7.1 million paid in wages and salaries to Micronesians and the services performed by stateside teachers, doctors, and other employees of the trust territory government (\$4.2 million). Local revenues financed, on the average, only about \$1.2 million of the government's 1963-65 program.

The economic effects of the trust territory program only begin to be observed; the dividends on investment in improved education and health for the rising generation of Micronesians and the results of the economic development program recently initiated should be appearing hereafter.

10. *Economic classification of program expenditures.* (See tables 1 and 2.)

Program: Trust Territory of the Pacific Islands.
Department or agency, and office or bureau: Department of the Interior; Office of Territories.